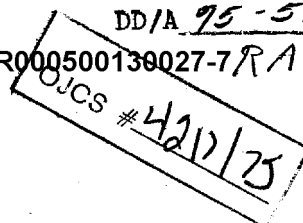


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DD/A 95-5186



17 October 1975

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MEMORANDUM FOR THE RECORD

SUBJECT: RAPID Project Review [redacted]

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1. A thorough review of the status of the [redacted] RAPID project was conducted at the [redacted] plant in [redacted] California 6-9 October by representatives of [redacted] OJCS, and Procurement Division, OL. The review followed [redacted] failure to complete the RAPID system by the 1 August contract date and was undertaken on the basis of a mutually agreed extension of the contract to 15 November. Its purpose was to appraise the present status of [redacted] progress on development of the system and the outlook for its successful completion as a basis for a decision by 15 November whether to extend or terminate the contract.

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2. The review, during which the company was open and cooperative, disclosed the following: [redacted] has assigned some of its best people to the project and has made demonstrable progress toward completing the system. Production of hardware is complete except for six (of 36) terminals, which will be off the production line by the end of this month. Software is over 90 percent complete. The factors contributing to the slippage were considered by company officers to be transitory, and we agree that many have already been overcome. The causes cited by company personnel were the tendency to let the system design process go on too long, loss of several key systems analysts and programmers, and recurring minor hardware problems. Our team viewed as major weaknesses their poor internal coordination and absence of company production standards, poor project management and inadequate overall company control-- deficiencies we had identified during the pre-award evaluation period but which we expected would have been rectified by this time. Though we entered into a fixed-fee procurement contract, in point of fact the entire undertaking has been a developmental project which the company "bought into" below cost in order to design and build a full throughput system for us which they would subsequently adapt and sell to publishing enterprises in the private sector.

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3. While it is too early to make a firm judgment on the ultimate viability of the system since integration is still to be achieved, the team concluded that [] will be able to finish the system and that it will be a good system when it is completed. Significant technical problems remain but both the company and our review team believe they can be overcome. These problems include some reliability and design problems having to do with the terminals, inadequate software for the six APS-21 processors which must support the terminals, and incomplete planning and programming for system recoverability, data integrity, and backup. Our misgivings about internal company management were confirmed. No one in a responsible position knew what everyone else was doing. The company thought it could complete the system by December prior to cutover; the review team thought June 1976 a more likely completion date. The company had not faced up to follow-on maintenance questions. The review team agreed that the most serious problems were those relating to the APS-21 software, which was brought to company management attention for the first time by our review team and which can be most readily overcome by more memory core for an additional \$48,000 (already in the [] RAPID budget), and poor company project management, which should be improved by company president [] designation of vice president [] as our point of contact on special problems and matters involving more than one department in the company. Project leader [] an excellent technician but poor manager, had been reporting directly to [] who did not have time to devote to the project.

4. A new agreed schedule is being worked out with the company to include the review of status and progress payments pegged to significant milestones. The most significant milestone will be a full in-plant system test, approved [] which should take place in the third quarter of FY 76. Assuming that this test is fully successful we anticipate a cutover period [] of four to six months with the entire system up and running during the transitional quarter. All the evidence indicates that the company, which appears to be vibrant, is under at least as much pressure as we to finish the project.

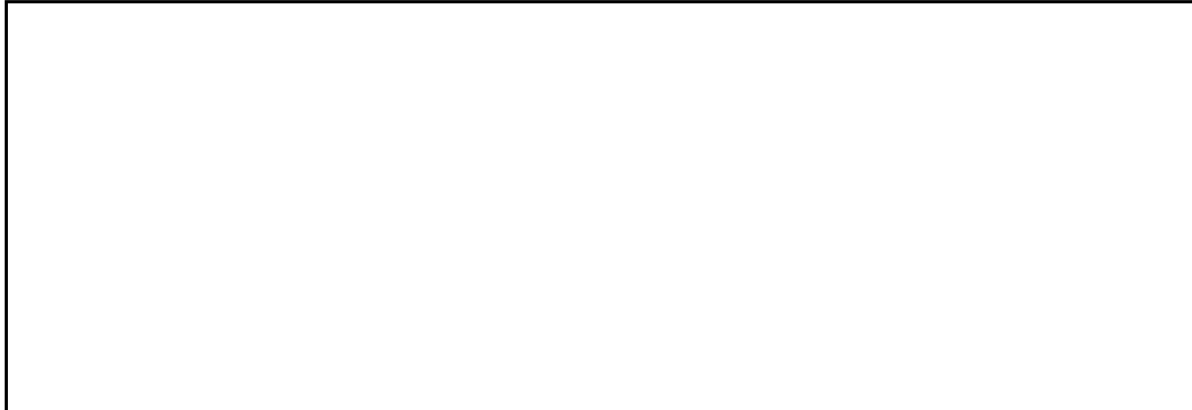
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6. Based upon this review we will arrange for an amendment to the present contract specifying a new project schedule, milestones, reviews, and progress payments and an additional payment of \$48,000 for more APS-21 core memory. Though we received verbal assurances that the company will improve its controls, we must ourselves tighten our monitoring of the project and infuse advice wherever and whenever we deem it appropriate. We were assured that neither problems encountered to date nor tasks scheduled for the remainder of the life of the project will affect the quality of the system and we intend to ensure that the standards and criteria we specified are preserved.



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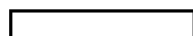
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